A CROSS-CULTURAL INVESTIGATION INTO THE ROLE OF RELIGIOUS BELIEFS TOWARD BUSINESS STUDENTS’ ETHICAL PERCEPTIONS

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ABSTRACT

Ethical issues for business professionals have received considerable attention after several significant business scandals. Also, the increasing globalization of businesses and the effects of personal religious beliefs on ethics attitudes have both brought about a growing research interest in cross-cultural contexts. Adopting religion and culture as determinants, the study explores whether future business professionals with different religious beliefs display differences in their ethical perceptions. This study took business students from the U.S. and Taiwan as research subjects, and conducted a questionnaire survey to probe participants’ ethical perceptions cross-culturally. The instrument used in the study includes the Defining Issues Test, which is employed to measure business students’ ethical development, and the Multidimensional Ethics Scales, which can be used to measure participants’ ethical sensitivity, ethical intention and ethical orientation. The findings reveal that there are significant cross-cultural differences in ethical perceptions between the two groups of future business professionals, and personal religious beliefs have significant influences on ethical perceptions of business students. The results of the study can help international business enterprises to realize the possible impact of cultural and religious differences on ethical perceptions for business students, and therefore to establish appropriate recruiting criteria and training programs for these future business professionals to adapt to the multi-cultural business situations. In addition, this study also helps higher education institutions provide suitable policies to enhance students’ ethical decision-makings during college, and to prepare students for the ethical complexity in a global business environment.

Keywords: Cross-Cultural Study, Defining Issues Test, Ethical Perceptions, Multidimensional Ethics Scales, Religious Beliefs

INTRODUCTION

After several significant business scandals around the world, various bodies have appealed to the public for a greater emphasis on business ethics. Furthermore, due to the current trend toward globalization of the business environment, ethics issues can no longer be considered to be a problem only within a single business or nation. Ethical relativism becomes a continuous problem for international businesses because of the cultural differences in acceptable norms of behavior which bring about different practices in business (Sharp, 2006). As the number of culturally diverse workforces increases in international businesses, business managers have to face the challenges of dealing with a variety of ethical dilemmas among multi-cultural employees by understanding the differences in ethical perceptions across different cultures (Cherry, Lee, & Chien, 2003). Moreover, ethical issues may be different in the host country from other countries, and therefore it is essential to appreciate and understand the particular local situations (Moorthy et al., 1998). The Association to Advance Collegiate School of Business also highlights the importance of fostering students’ cultural sensitivity and flexibility. Educational institutions are persuaded to expose students to different cultural practices and diverse perspectives so that these students can be better prepared to pursue their future career in a global context. Therefore, a systematic understanding of cross-cultural
differences in ethical perceptions could provide guidelines for business managers seeking to implement their practices internationally.

In addition to cultural factors, it is often believed that personal religious belief plays an important role in ethical decision-making because personal values and standards are often related to individual’s religious background (Graafland, Kaptein & Schouten, 2006). Individuals who have strong religious beliefs are more likely to follow their religious standards when facing ethical dilemma. However, it is also possible that people from the same culture behave differently based on their different religious beliefs. Consequently, it is necessary for managers and employees of international businesses to understand how people with different religious beliefs perceive differently on ethics issues. An analysis of the relationship between different religions and perceptions of ethics might provide guidelines for those who need to execute their code of conduct in a global business context; therefore, it is necessary to understand the differences in perceptions of ethics cross-culturally. Organizations and institutions of any size will no doubt face global competition and engage in international markets. In addition, ethical conduct enhances competitive benefits for global business. While most business students will be future business professionals, these students need to know how values and moral standards differ across cultures and religions in business practices.

Therefore, the purpose of this study is to conduct a cross-cultural comparative analysis of undergraduate business students’ perceptions of business ethics, and to explore the relationship between personal religious belief and ethical perceptions. To conduct a cross-cultural comparison, undergraduate students in business schools in the United States and Taiwan at several higher education institutions are studied.

LITERATURE REVIEW

Ethical decision-making is a way of resolving conflicts where such ethical conflicts are present. Rest’s (1986) four-component model of ethical action is perhaps the most widely accepted model about ethical action (Jones, Massey & Thorne, 2002). This model consists of four components: (1) Ethical sensitivity (or awareness) which refers to the identification of the ethical issue. It includes interpreting the situation, role taking about how various actions might affect the parties concerned, imagining the cause-effect chain of events, and being aware that there is a moral problem when one exists. (2) Ethical judgment which refers to the ethical judgment of the ideal solution to a particular dilemma. It includes judging which action would be most justifiable in a moral sense. (3) Ethical motivation (or intention) which refers to the ethical intention of whether to comply or not to comply with the ethical judgment. It includes the degree of commitment to taking the moral course of action, valuing moral values over other values, and taking personal responsibility for moral outcomes. (4) Ethical character (or behavior) which refers to the action of carrying out the ethical intention. It includes persisting in a moral task, having courage, overcoming fatigue and temptation, and implementing subroutines that serve a moral goal.

Ethical sensitivity is the ability of the decision maker to recognize an existing ethical problem, interpret the situation, and take various roles to understand how that proposed action would affect others. Second, ethical judgment involves considering which actions are ethically correct as well as which particular action would be most justified, and it is directly associated with cognitive moral development (Jones et al., 2002; Kohlberg, 1969). Third, ethical motivation means the degree of commitment with which one will conduct ethical actions and behaviors, the extent to which one will put more emphasis on moral values than other values, or the extent to which taking charge to bring about ethical results. Finally, ethical character addresses the essential characteristics to attain needed ethical actions or behavior such as the ability of conquering weakness and temptation, having strength and courage, and persisting with a moral sense of duty.

Ethical perceptions may be influenced by an individual’s religious belief. Spiro (1966, p.96) defines religion as “an institution consisting of culturally patterned interaction with culturally postulated superhuman beings”. McDaniel and Burnett (1990) indicate that religion is a commitment to principles which is believed to be made by God. Bell (1980, p.333) states that religion provides answers to the fundamental
existential question which human groups encounter. It also offers rites to celebrate and bond participants and passes these rites from generations to generations. It is therefore believed that religion has great impact on social development and human behavior. Religion promotes social solidarity by providing norms to integrate individuals and the society and also plays an important role on shaping a person’s value (Huffman, 1988; Kennedy & Lawton, 1998; Phau & Kea, 2007). Accordingly, an individual’s religious belief is often associated with his or her personal belief system (Graafland et al., 2006) as well as attitude and human behavior (Weaver & Agle, 2002). Religious beliefs appear to offer guidance and direction to help people maintain self-control to cope with moral dilemmas (Wimalasiri, 2004).

However, recent business scandals have brought the argument of the relationship between religion and ethical decision-making in business. Therefore, academic associations and journals have included religious dimensions on business ethics research. For instance, the Business Ethics Quarterly has published a special issue in 1997 which included various kinds of religious perspectives in business ethics discussions. The Academy of Management in 2003 has open an interest group “Management Spirituality and Religion” to brought about the discussion on relationships between management, spirituality and religion. A body of research has also investigated the relationship between religion and business conduct (e.g., Agle & Van Buren, 1999; Angelidis & Ibrahim, 2004; Brammer, William, & Zinkin, 2007; Conroy & Emerson, 2004; Graafland et al., 2006; Giacalone & Jurkiewics, 2003; Kennedy & Lawton, 1998; Longenecker, McKinney, & Moore, 2004; Mitroff & Denon, 1999; Phau & Kea, 2007; Vitell & Paolillo, 2003; Vitell, Singh, & Paolillo, 2007; Vitell, Paolillo, & Singh, 2005; Worden, 2003). Nevertheless, these studies do not have consistent findings and thus the impact of religious commitment on business practices is still unclear.

For instance, Terpstra, Rozell, and Robinson (1993) survey 201 undergraduate business students and conclude that religious beliefs may be important to ethical decision-making on insider trading. Smith and Oakley (1996) investigate 318 business students and find that those who do not accept questionable ethical actions tend to rate religion beliefs as “very important” in daily decision-making. Miesing and Preble (1985) survey 487 business students and manager to explore attitudes concerning five business philosophies. They conclude that those who have stronger religious conviction tend to be more ethical. Kennedy and Lawton (1998) compare students’ ethics attitudes and indicate that evangelical respondents reveal more religiously intrinsic and less willing to behave unethically than non-evangelicals. Vitell, et al. (2007) expand their previous studies (Vitell et al., 2005), and investigate the role of money, religiosity and attitude toward consumers’ ethics beliefs. They examine consumers’ religiosity by using two religious dimensions: intrinsic and extrinsic religiousness. The results indicate that both intrinsic and extrinsic religiousness are significant determinants in some types of consumer ethics beliefs in their study. In particular, intrinsic religiosity is the stronger determinant of consumer ethics beliefs than extrinsic religiosity in both of their studies of 2005 and 2007 (Vitell et al., 2005, 2007).

However, Kidwell, Stevens, and Bethke (1987) survey 100 business managers but do not find significant differences in ethical judgment referring to religious preferences or church attendance. Agle and Van Buren (1999)’s study on MBA students reveals inconsistent evidence on the relationship between religious beliefs and attitudes to corporate social responsibility. They conclude that religion only has marginal effects on corporate social responsibility attitudes. Longenecker, McKinney, and Moore (2004) take 1,234 business managers and professionals as research subjects to investigate ethical acceptability on 16 selected scenarios. Their findings reveal strong relationship between religion and ethical attitudes when comparing those who rate religion as very important versus not important. However, when comparing the differences on the basis of religious categories, that is, Catholic, Protestant, Jewish, other religion, and no religion, the results do not reveal relationship between religious commitment and ethical attitudes.

For the studies discussed above, most of them use single country participants as research subjects. With the increasing globalization of business environment, it is necessary to
incorporate cross-cultural components into related studies. However, up to the present, only a few researchers explore the relationships between religion and business ethics cross-culturally. Phau and Kea (2007) use Attitudes Towards Business Ethics Questionnaire (ATBEQ) to compare the first year undergraduate students’ attitudes toward business ethics among Australia, Singapore, and Hong Kong. The results show significant differences in ethics attitudes among the three countries. Also, they found that those who practice their religion appear to consider themselves more ethical than those who do not. Brammer, Williams, and Zinkin (2007) conduct a study which takes a large sample size about 17,000 participants in 20 countries. They investigate the relationship between religious denomination and individual’s corporate social responsibility (CSR) attitudes. The findings suggest that in general, religious individuals hold broader conceptions of CSR than their non-religious counterparts; but this result is inconsistent in all religions as well as all areas of CSR attitudes in the study. Wimalasiri (2004) uses Defining Issue Test (DIT) to compare the moral reasoning capacity of management students in Fiji and Singapore. The results show that religion has different effects on these two countries. Religion has a significant relationship with moral judgment for Singapore participants; whereas only has a moderate effect for their Fiji counterparts.

Based on the discussion above, previous studies about how religions affect individual’s ethics attitudes do not have consistent findings. It is obvious that there is still lack of studies on the relationship between personal religious belief and ethics attitudes in a cross-cultural context. In particular, there is no related study to investigate the relationship between religious beliefs and accounting ethics of business students in the U.S. and Taiwan. It will be valuable for international corporations as well as higher education institutions to understand how these future business professionals differ in their ethics perceptions based on different cultures and religious beliefs. Addressing the research gap, this study examines whether significant differences in ethical perceptions exist between business students from the U.S. and Taiwan. Since the U.S. and Taiwan differ in all of Hofstede’s cultural dimensions (Hofstede & Hofstede, 2005), it is expected that business students in these two countries will have significant differences in the perceptions of business ethics. Therefore, the following major research hypotheses are proposed:

**H1:** There is a significant relationship between ethical perceptions of business ethics and religious beliefs for business students from the United States and those from Taiwan.

**H2:** There are significant differences in ethical perceptions of business ethics between business students from the United States and those from Taiwan.

**H3:** The relationships between ethical perceptions and religious beliefs for Taiwanese business students are different from those for the US students.

**RESEARCH METHODS**

In examining whether there are significant differences in the perceptions of ethics between students from the U.S. and those from Taiwan, a questionnaire survey is used in this study. Survey methods are most useful for gathering information about the current status of some target variables within a particular collectivity. Although interviews may be helpful to probe deeply into respondents’ perception, attitudes, and inner experience, it takes much time and cost to conduct interviews of all respondents in cross-cultural research. The strengths of a questionnaire survey are that the cost of sampling respondents over a wide geographic area is lower, less time is required, and a standardized, anonymous, and highly structured situation can be provided for the respondent to answer questions. Moreover, questionnaires are most commonly used in related studies based on literature review; the study therefore uses questionnaires to investigate students’ ethical perceptions.

This study selects undergraduate junior and senior business students in Taiwan and the U.S. as research subjects. These business students have taken certain levels of business courses that enable them to complete the accounting-specific instruments used in the study. Anonymous questionnaires were delivered to these selected business students. The students were told that their participation is voluntary and their responses will remain anonymous. They were
also informed that there are no absolutely right or wrong answers so that they simply need to respond based on their own thoughts and beliefs regarding each scenario or question. The questionnaires were distributed to 762 business students at two universities in Taiwan, and 635 business students at two universities in the U.S. A total of 517 Taiwanese students and 436 U.S. students returned the questionnaires. Throwing away the incomplete responses, a total of 498 Taiwanese students and 421 U.S. students completed the questionnaires. Of these respondents, 318 Taiwanese students and 107 U.S. students reported that they did not have a specific religious belief.

To measure business students ethical perceptions, the DIT and Multidimensional Ethics Scales (MES) are used. For practical consideration, the DIT is frequently used for measuring ethical development. The original DIT is a set of six ethical dilemmas to which an individual responds, and the total of these responses yields a Principled Score (P-score). Subjects are asked to select answers to multiple choice questions that they could take in response to specific ethical dilemmas. After the test, a P-score ranging from 0 to 95 is calculated from the sum for scores of stages five and six, and then converted to a percentage. The higher the P-score, the higher the stage of ethical judgment development is (Rest, 1979). The MES is employed to examine the ethical sensitivity and intention of different cultural and religion participants. The MES use some well-constructed hypothetical business-specific scenarios to examine subjects’ ethical responses. Scenarios are commonly used in business ethics research (Richmond, 2001). A scenario consists of a short description of an ethical problem, and is appropriate for the study of human behaviors, because the stimulus presented in a scenario usually approximates closely a real-life decision-making situation (Lampe & Finn, 1992). It allows researchers to place a particular ethical problem in a realistic context and obtain some measures of the differences between ethical principles and ethical behavior, and to learn more about specific behaviors in a particular area of interest (Velasquez, 1992). An appropriately constructed scenario can provide a common frame of reference for what is believed to be the most important factor in the ethical decision-making process (Cohen, Pant & Sharp, 1993; Thorne, 2000).

**RESEARCH RESULTS AND DISCUSSIONS**

Before testing the research hypotheses, we have checked the reliability and validity of survey results. Factor analysis has also been used in the study and lead to four ethical philosophies: justices, relativism, egoism and deontology. Table 1 shows a brief summary of the ethical perceptions of respondents. The results in Table 1 show that the overall mean of ethical sensitivity, ethical intention and ethical development for respondents with religious beliefs is higher than those for students without religious beliefs. The overall ethical sensitivity, ethical intention and ethical development of the U.S. business students are higher than Taiwanese business students. A t-test for independent samples also reveal statistically significant differences in the means between these two groups of business students. The U.S. business students evaluate the ethical dilemma significantly according to justices, deontology, and egoism; but Taiwanese students evaluate the dilemma by justices and deontology. Students with religious beliefs evaluate the dilemma significantly by justices and deontology; but those without religious beliefs evaluate it according to justices and egoism.

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<th>With Religious Beliefs</th>
<th>Without Religious Beliefs</th>
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<tbody>
<tr>
<td></td>
<td>Taiwan</td>
<td>U.S.</td>
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<tr>
<td>Ethical sensitivity</td>
<td>5.03</td>
<td>5.92</td>
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<tr>
<td>Ethical intention</td>
<td>4.98</td>
<td>5.21</td>
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<td>Ethical development</td>
<td>39.17</td>
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Therefore, the proposed research hypotheses are all supported. There is a significant relationship between ethical perceptions of business ethics and religious beliefs for business students from the United States and those from Taiwan. There are significant differences in ethical perceptions of business ethics between business students from the United States and those from Taiwan. The relationships between ethical perceptions and religious beliefs for Taiwanese business students are different from those for the US students. Religious beliefs may be helpful for promoting accounting students’ ethical reasoning abilities. However, it should be noted that students with high levels of ethical reasoning do not necessarily mean that they will certainly behave ethically. Any conclusion regarding the relationship between religious beliefs and ethical actions should be cautioned.

CONCLUSIONS

Being ethical is important for business professionals because the society delegates them with the duty of ensuring that corporate entities are held accountable for their actions. Recent significant business scandals have again brought the importance of ethics. Moreover, due to the increasing trend of businesses towards globalization, business professionals are expected to have increased dealings with a diverse spread of cultural and religious beliefs on ethics. While most business students will be future business professionals, it is extremely crucial to undertake a cross-cultural analysis on business students’ religious beliefs on ethics. This study contributes to a better understanding of the relationship between religious beliefs and ethical perceptions of business students. Religious beliefs are significantly correlated with business students’ ethical perceptions. Business students with religious beliefs tend to present higher level of ethical perceptions. Accordingly, the findings of this study are expected to be essential for institutions of higher education as well as international businesses. The contribution of this cross-cultural study is summarized as follows:

First, this study helps higher education institutions understand business students’ perceptions of business ethics and consequently provide suitable policies to enhance students’ moral development during college, particularly in the development of ethical decision-making, and to prepare students for the ethical complexity in a global business environment. Second, this study contributes to a better understanding of the relative influence of cultural and religious factors on business students’ ethical perceptions, and accordingly provides suggestions to develop ethics education policies with cross-cultural factors in the higher education context. Third, this study benefits international businesses to realize the possible impact of cultural and religious differences on ethical perceptions for business students, and therefore to establish appropriate recruiting criteria and training programs for these future business professionals to adapt to the multi-cultural business situations. Finally, this study extends the area of cross-cultural research on ethics and makes up for the lack of comparative research on students’ ethical perceptions between the U.S. and Taiwan.

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